

Revision of National Accounts, 2024

Tirana, 27 September 2024: The Institute of Statistics (INSTAT), in accordance with the European Statistics Code of Practice and the Harmonized European Policy for the Revision of Macroeconomic Statistics (HERP – eng, [Practical guidelines for revising ESA 2010 data — 2019 edition - Products Manuals and Guidelines - Eurostat \(europa.eu\)](#) link: Data revision - ESA 2010 - Eurostat (link: [Data revision - Eurostat \(europa.eu\)](#)), published revised National Accounts time series 2018 – 2023*, in the framework of Major revision as it was announced to be published in September 2024.

The Gross Domestic Product (GDP), impacted by the major revision, resulted in 2.48 % in nominal terms for 2023 semi final data, compared with previous results, which were based on the quarterly estimation of GDP.

Table 1. Gross Domestic Product, at current prices before and after revision, 2018–2023*

Year	GDP before revision Million ALL	GDP after revision Million ALL	Difference in %
2018	1,636,731	1,660,820	1.47
2019	1,691,903	1,712,037	1.19
2020	1,647,431	1,655,985	0.52
2021	1,856,172	1,866,674	0.57
2022	2,138,339	2,149,742	0.53
2023*	2,312,591	2,369,906	2.48

2023* Semi final

Real growth rate of GDP in 2023*, is 3,94 % from 3,45% published before, based on quarterly GDP estimation.

Table 2.. Revised GDP real growth, 2018-2023*

Year	Real growth rate before revision, in %	Revised Real growth rate, in %
2019	2.09	2.06
2020	-3.30	-3.31
2021	8.91	8.97
2022	4.86	4.83
2023*	3.45	3.94

2023* Semi final

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As part of the revision of National Accounts, the Gross Domestic Product (GDP) is estimated for the first time using the income method. In the structure of GDP according to this method, the main components are: Gross operating surplus (B.2g), which constitutes the largest share of income in the economy, with 61.49% in 2023*; Compensation of employees (D1) accounts for 24.34%, followed by taxes on products with 12.82% for the same year.

Table 3: Gross Domestic Product by income approach, at current prices, 2018–2023*, in million ALL

Code ESA 2010	Indicators	2018	2019	2020	2021	2022	2023*	Share in GDP (%)
D.1	Compensation of employees	395,889	430,981	428,199	485,251	527,955	576,891	24.34
D.2	Taxes on production and imports	253,586	256,924	222,835	299,185	325,118	337,108	14.22
D.3	Subsidies	-557	-749	-483	-321	-1,424	-1,344	-0.06
B.2g/B.3g	Gross operating surplus / Gross mixed income	1,011,902	1,024,879	1,005,434	1,082,558	1,298,092	1,457,251	61.49
B.1g	Gross domestic product	1,660,820	1,712,035	1,655,985	1,866,674	2,149,741	2,369,906	100.00

2023* *Semifinal data*

Methodological Explanation on the Revision

Major revisions are regular processes of the National Accounts system, conducted at least once every five years, in coordination and collaboration with Eurostat. Their purpose is to include new information sources, improve existing ones, and implement international statistical methodological changes. The previous major revision of the National Accounts of Albania was conducted in 2014 when INSTAT first joined the EU standards revision cycle. The 2024 revision is the second revision of the National Accounts and includes the review of data since 2018. The revision of the national accounts has affected statistical data for all types of activities (NACE Rev.2 sections) and institutional sectors, which until now had been assessed on an experimental basis.

The 2024 revision consists on:

- The use of Supply and Use tables that show where economic resources come from and how they are utilized, to improve economic calculations;
- The integration for the first time of the Institutional Sectors Accounts system into the National Accounts system;
- Methodological improvements in line with international statistical standards, implemented after 2014, with the assistance of the European Union, through multi-beneficiary IPA projects and Eurostat in the

field of National Accounts, by applying the bottom-up approach in the assessment of institutional sectors;

- Improvements in data sources, their integration, and the application of new methods in the evaluation of indicators for the general government sector;
- Increase in the quality, comparability, and compliance of statistical indicators;
- Increased completeness of the tables published on the official website and transmitted to Eurostat;
- Improvement of timelines in accordance with the ESA 2010 Transmission Program.

Supply and Use tables

The use of Supply-Use tables has impacted the estimations of the National Accounts. Based on the European System of Accounts (ESA 2010) standards, the use of Supply-Use tables in the estimations of national accounts indicators allows not only the integration of all data sources into a single system but also ensures the final assessment of Gross Domestic Product (GDP) through the three evaluation methods: production, expenditure, and income.

The changes in the revision of the Gross Domestic Product (GDP) are:

- Estimation of Gross Domestic Product (GDP) by Income approach (third quadrant of use table);
- Balancing and estimation of Gross Domestic Product (GDP) by the production, expenditure, and income methods, eliminating statistical discrepancies.

Integration of Institutional Sector Accounts

INSTAT compiled the complete set of accounts for the five main institutional sectors :

- Non-Financial Corporations;
- Financial Corporations;
- General Government;
- Households;
- Non-Profit Institutions Serving Households.

The compilation of Gross Domestic Product (GDP) by institutional sectors enables the creation of a clearer picture of the economy and the interactions of all its components.

Methodological Improvements, Data Sources

- a. Improvements in the estimation methods for the observed economy for the "Financial and Insurance Activities" section, which include:
 - Reclassification of institutional units, mainly those classified as "Sole Proprietor" that perform auxiliary activities such as currency exchange offices, insurance intermediaries, and other auxiliary services. The assessment is based on information obtained from financial statements and is part of the Household Sector (S.14);
 - Methodological improvements by enhancing the assessment of production, intermediate consumption, and value added for NACE 65 activity;
 - Improvement in the assessment method for the activity of "Non-profit organizations serving households" by applying the cost method;
 - Inclusion of conceptual adjustments in the assessment.
- b. Improvement of the concept of exhaustiveness in the National Accounts, based on Eurostat's recommendations on the assessment of the Non-Observed Economy, using the "Tabular Approach" method. The improvements mainly consist of estimating new components not previously included and extending existing components, reflecting new information sources;
- c. Improvements in the assessment of Final Consumption Expenditure of Households as a result of the full integration of Supply-Use tables into the national accounts. The balancing process enabled a more detailed analysis of the impact of household demand for various products in terms of sources and led to a clearer picture of the interactions between economic sectors. The 2019 estimates were used to benchmark* this indicator;
- d. Improvements in the assessment of the "Gross Fixed Capital Formation" component include the assessment of "Software" using the labor cost method. This method allows for a more accurate estimation of the contribution of the information technology sector to the national economy by considering wage and labor cost data. All improvements resulted in the compilation of more detailed estimation of GFCF by assets type.

Improvements in methodology and data sources have impacted the estimation of Gross Domestic Product (GDP) indicators using all three methods and the non-financial accounts by institutional sectors.

Improvements in the assessment of the General Government Sector (S.13)

- a. Revision of the National Accounts includes as well improvements in the estimations of the General Government Sector (S.13), such as:
 - Classification of the Public Sector in Albania according to ESA 2010/GFSM 2014. The estimation of the General Government sector includes all budgetary units and units classified as extra-budgetary units, which have been integrated into the National Accounts estimations;
 - Revision of government accounts reported under the Organic Budget Law, for classification into ESA 2010/GFSM 2014 codes, and the update of the classification of economic accounts of extra-budgetary units (EBU), as part of the General Government sector, has led to changes in indicators of taxes and subsidies on products;
- b. Reclassification of the economic activity of certain public sector institutions;
- c. The inclusion of extra-budgetary units has impacted the estimations of this sector's economic indicators;
- d. Improvements regarding the methods used to estimate the fixed capital consumption, and other transactions using the "time adjusted cash" concept.

Reference year

During the major revision, the reference year for the chain-linked GDP time series is changed across Europe. The previous reference year 2015 is replaced by 2020 as the new reference year. This change does not affect GDP trends or growth rates; only the nominal level of the chain-linked time series changes.